Scheme for NRI Investment

1180. SHRI MURLIDHAR CHANDRAKANT BHANDARE: Will the Minister of URBAN DEVELOPMENT be pleased to state:

(a) whether Government have formulated a detailed scheme for NRI investment in housing and real estate development;

(b) if so, the details thereof; and

(c) how the Scheme is proposed to be implemented?

THE MINISTER OF STATE IN THE MINISTRY OF URBAN DEVELOPMENT AND MINISTER OF STATE IN THE MINISTRY OF WATER RESOURCES (SHRI P. K. THUNGON): (a) Yes, Sir.

(b) The broad details of the Scheme for NRI investment in housing and real estate development are given in the Statement. (*See* below).

(c) The Scheme is to be implemented by the respective State Government. The general scheme circulated by Government of India is intended to provide guidance to the State Govts. and their housing agencies in regard to facilities that are now available to NRIs for investing in housing and real estate sector. The State Governments or their housing boards/authorities have to prepare/formulate specific projects for NRI investment in housing sector keeping in view the board details of the scheme. A Nodal Cell has been set up in the National Housing Bank to coordinate decisions on policies and procedures relating to NRI investment.

Statement

Broad detail of Scheme for NRI Investment in Housing and Real Estate Development

1. The scheme will cover investment by NRIs with foreign citizenship and Indian passports in housing and real estate ventures, housing finance institutions, building material units, etc. in terms of existing investment guidelines. It will also make it easier and attractive for intending NRIs in various countries to acquire rent and gift property and reside in housing colonies in different cities so long as they make payments in foreign exchange. They can repatriate original investment after minimum initial lock in period of three years. Repatriation of income and dividends after taxation in respect of manufacture of building materials participate venture in real estate and in housing finance institutions has been permitted.

2. A Nodal Cell has been set up in National Housing Bank for coordinating decisions on policies and procedures relating to NRI investment with representation of all concerned agencies. This will be supervised by the Ministry of Urban Development.

3. On the strength of the approved status of builders, necessary clearances in respect of the builder's project will be given for the construction and provision of services at the local level by State and city agencies.

4. Upto 5 per cent of sale proceeds in each scheme subject to a ceiling of Rs. 25 lakhs, exclusive of the foreign exchange for travel and advertisement, will be released, in foreign exchange, to the builders towards expenses for marketing the houses, including payment of commissions and promotion of schemes on an international basis.

5. Non-Resident Indians are also permitted to acquire hold, transfer or dispose of properties by way of sale or inheritance, provided, where properties are acquired by purchases, they are for bonafide residential purpose of the purchasers and the sale consideration is met out of foreign exchange. They will also be permitted to let out the properties on rent.

6. Gifting of properties by NRIs to relatives will be freely permitted, subject to taxation, without the requirements of prior permission. NRIs can acquire upto two houses provided the purchases is effected with foreign exchange.